

AMENDED IN SENATE JANUARY 26, 2010

AMENDED IN SENATE JANUARY 12, 2010

AMENDED IN SENATE MAY 6, 2009

AMENDED IN SENATE APRIL 28, 2009

AMENDED IN SENATE APRIL 15, 2009

SENATE BILL

No. 442

Introduced by Senator Ducheny

(Principal coauthor: Assembly Member Chesbro)

(Coauthor: Senator Wiggins)

(Coauthors: Assembly Members Block, Blumenfield, Evans, Fletcher, Monning, and Salas)

February 26, 2009

An act to amend Sections 1200, 1213, 1214, 1216, 1229, 1245, and 1266 of, and to add Section 1212.5 to, the Health and Safety Code, relating to clinics.

LEGISLATIVE COUNSEL'S DIGEST

SB 442, as amended, Ducheny. Clinic corporation: licensing.

Under existing law, the State Department of Public Health is responsible for the licensing and regulation of clinics, as defined. A violation of these provisions is a crime.

This bill would define "clinic corporation" as a nonprofit organization that owns one or more primary care clinics, or mobile health care units as defined, and would provide for a single consolidated license for clinic corporations, as specified.

Existing law provides for a fee to be paid for an initial license, renewal license, license upon change of ownership, or special permit set at specified amounts.

This bill would require the department to annually set the fee for a clinic corporation. The bill would also make conforming changes to the licensing provisions. Because this bill would create a new crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California's primary care clinics are essential partners with
- 4 the state in providing a health care safety net for underserved,
- 5 uninsured, and underinsured populations in a cost-effective manner.
- 6 (b) California's primary care clinics generate significant savings
- 7 to the state and to local communities in both of following ways:
- 8 (1) By providing primary and preventive care that responds to
- 9 patients' needs before medical problems become serious or life
- 10 threatening.
- 11 (2) By reducing the reliance of patients, including uninsured
- 12 and underinsured patients, on costly emergency room care,
- 13 inpatient treatment, and specialty care.
- 14 (c) The need for primary care clinics continues to grow
- 15 dramatically due to the continuing increase of uninsured and
- 16 underinsured patients in California, the escalating unemployment
- 17 rate, and a severely depressed economy.
- 18 (d) The current system for licensing primary care clinics is
- 19 inefficient and not consistent with industry practices. Requiring a
- 20 nonprofit corporation that operates primary care clinics to apply
- 21 for a license for every clinic site and to repeatedly submit the same
- 22 information on the primary care clinic license application places
- 23 a significant burden on community clinics to meet outdated

bureaucratic requirements and results in a significant waste of taxpayer and community resources that could otherwise be devoted to patient care.

(e) Streamlining administrative processes through a consolidated application for licensure of new and continuing primary care clinics will result in substantial cost savings to the state and improved access to health care for underserved populations.

SEC. 2. Section 1200 of the Health and Safety Code is amended to read:

1200. (a) As used in this chapter, “clinic” means an organized outpatient health facility that provides direct medical, surgical, dental, optometric, or podiatric advice, services, or treatment to patients who remain less than 24 hours, and that may also provide diagnostic or therapeutic services to patients in the home as an incident to care provided at the clinic facility. Nothing in this section shall be construed to prohibit the provision of nursing services in a clinic licensed pursuant to this chapter. In no case shall a clinic be deemed to be a health facility subject to the provisions of Chapter 2 (commencing with Section 1250). A place, establishment, or institution that solely provides advice, counseling, information, or referrals on the maintenance of health or on the means and measures to prevent or avoid sickness, disease, or injury, where that advice, counseling, information, or referral does not constitute the practice of medicine, surgery, dentistry, optometry, or podiatry, shall not be deemed a clinic for purposes of this chapter.

(b) For purposes of this chapter:

(1) “Primary care clinics” means all the types of clinics specified in subdivision (a) of Section 1204, including community clinics and free clinics.

(2) “Specialty clinics” means all the types of clinics specified in subdivision (b) of Section 1204, including surgical clinics, chronic dialysis clinics, and rehabilitation clinics.

(3) “Clinic corporation” means a nonprofit organization that operates one or more primary care clinics, as defined in paragraph (1) of subdivision (a) of Section 1204, that are required to be licensed under Section 1205, one or more mobile health care units required to be licensed or approved pursuant to the Mobile Health Care Services Act (Chapter 9 (commencing with Section

1 1765.101)) and operated as primary care clinics, or one or more
2 primary care clinics and one or more mobile health care units.

3 (4) “Department” means the Licensing and Certification
4 Division of the State Department of Public Health, or its successor.

5 (5) “Centralized applications unit” means the centralized
6 applications unit in the Licensing and Certification Division of the
7 department, or a successor entity.

8 SEC. 3. Section 1212.5 is added to the Health and Safety Code,
9 to read:

10 1212.5. (a) Upon submission of a complete application for a
11 single consolidated license by an eligible clinic corporation, the
12 centralized application unit shall issue a single consolidated license
13 to the clinic corporation when the centralized applications unit has
14 done all of the following:

15 (1) Determined each primary care clinic that is on the application
16 for the single consolidated license and separately licensed to be in
17 good standing at the time of the application.

18 (2) Determined each mobile health care unit that is on the
19 application for the single consolidated license and separately
20 licensed to be in good standing at the time of the application.

21 (3) Deemed each primary care clinic that is included on the
22 application for the single consolidated license and that is not
23 separately licensed at the time of the application to meet the
24 requirements of Section 1212 by virtue of the primary care clinic
25 being included on the application for the single consolidated
26 license.

27 (4) Deemed each mobile health care unit that is included on the
28 application for the single consolidated license and that is not
29 separately licensed or approved by the department at the time of
30 the application to meet the requirements of Mobile Health Care
31 Services Act (Chapter 9 (commencing with Section 1765.101))
32 by virtue of the mobile health care unit being included on the
33 application for the single consolidated license.

34 (5) Determined compliance with the minimum construction
35 standards of adequacy and safety of the physical plant, pursuant
36 to subdivision (b) of Section 1226, for each primary care clinic
37 that is included on the application for the single consolidated
38 license and that is not separately licensed at the time of the
39 application.

1 (b) No primary care clinic or mobile health care unit included
2 on a single consolidated license application shall be required to
3 submit a separate application for licensure.

4 (c) (1) Each primary care clinic that is included on the single
5 consolidated license issued by the centralized applications unit
6 shall be deemed to be licensed pursuant to Section 1205.

7 (2) Each mobile health care unit that is included on the single
8 consolidated license issued by the centralized applications unit
9 shall be deemed to be licensed pursuant to Section 1765.125.

10 (d) Eligibility for a single consolidated license shall be based
11 on the following criteria:

12 (1) The clinic corporation applying for the single consolidated
13 license shall, at the time of application for the single consolidated
14 license, have been a known entity to the department, have been in
15 existence for not less than five years, and have operated one or
16 more primary care clinics or one or more mobile health care units
17 that hold a valid, unrevoked, and unsuspended license for, at a
18 minimum, the immediately preceding five years, with no
19 demonstrated history of repeated or uncorrected violations of this
20 chapter, or any regulation adopted pursuant to this chapter, that
21 pose immediate jeopardy to a patient, as defined in subdivision
22 (d) of Section 1218.1, and have no pending action to suspend or
23 revoke its license.

24 (2) A completed application for a single consolidated license
25 has been submitted and the associated license fee has been paid.

26 (3) The corporate officers, as specified in Section 5213 of the
27 Corporations Code, are the same for each primary care clinic or
28 mobile health care unit included on the single consolidated license.

29 (4) The clinic corporation both owns and operates each primary
30 care clinic or mobile health care unit included on the single
31 consolidated license under a single board of directors.

32 (5) There are one or more medical directors operating under a
33 single set of policies, procedures, and standards for all the primary
34 care clinics and mobile health care units owned and operated by
35 the clinic corporation.

36 (e) Section 1219 shall not be applicable to a single consolidated
37 license issued under this section or to a primary care clinic or a
38 mobile health care unit that is included on a single consolidated
39 license.

(f) (1) The centralized applications unit shall issue a single consolidated license under this section within 30 days of receipt of a completed application for a single consolidated license or within seven days of the date the centralized applications unit approves the application for a single consolidated license, whichever is earlier.

(2) (A) If the centralized applications unit determines that an applicant for a single consolidated license does not meet the eligibility criteria for a single consolidated license, as set forth in subdivision (c), it shall identify, in writing and with particularity, the grounds for that determination, and shall, instead, process the application for the clinic to be added to the single consolidated license as an individual clinic on its own in accordance with the time specified in Section 1218.

(B) A clinic corporation that is denied an application for a single consolidated license may appeal the denial pursuant to Section 1220.

(3) The centralized applications unit shall issue a single consolidated license without the necessity of an initial onsite survey of the primary care clinics and mobile health care units included on the single consolidated license.

(4) (A) A single consolidated license issued by the centralized applications unit shall specify the name and location of each primary care clinic and mobile health care unit included on the single consolidated license.

(B) The centralized applications unit shall issue an original single consolidated license to the clinic corporation. The clinic corporation shall photocopy and distribute identical copies of the original single consolidated license to each primary care clinic and mobile health care unit included on the single consolidated license. The copies of the single consolidated license shall be posted at each clinic site and in each mobile health care unit.

(g) (1) Upon application to the centralized applications unit, a clinic corporation with a valid, unrevoked, unsuspended single consolidated license may, at any time during the license period, do the following:

(A) Add a primary care clinic or a mobile health care unit to the single consolidated license.

(B) Relocate a primary care clinic or mobile health care unit that is already on the single consolidated license.

1 (C) Delete a primary care clinic or a mobile health care unit
2 from the single consolidated license.

3 (2) The centralized applications unit shall add a primary care
4 clinic or mobile health care unit to, or delete a primary care clinic
5 or mobile health care unit from, the single consolidated license
6 within 30 days of receipt of a completed form for the addition or
7 deletion.

8 (3) The centralized applications unit shall add a primary care
9 clinic or a mobile health care unit to, or allow the relocation of a
10 primary care clinic or mobile health care unit that is already on,
11 the single consolidated license without the necessity of conducting
12 an initial onsite survey.

13 (4) For every primary care clinic or mobile health care unit
14 added to the single consolidated license before the next renewal
15 date, the clinic corporation shall pay a license fee, if applicable,
16 equivalent to the fee for one primary care clinic included in a single
17 consolidated license set pursuant to subdivision (d) of Section
18 1266, prorated based on the effective date of the addition of the
19 clinic.

20 (5) (A) A primary care clinic that is deleted from a single
21 consolidated license for reasons other than noncompliance with
22 this chapter or Chapter 7 (commencing with Section 75001) of
23 Division 5 of Title 22 the California Code of Regulations may
24 independently apply for a primary care clinic license pursuant to
25 Section 1218.1.

26 (B) A mobile health care unit that is deleted from a single
27 consolidated license for reasons other than noncompliance with
28 the Mobile Health Care Services Act (Chapter 9 (commencing
29 with Section 1765.101)) may independently apply for a license or
30 approval pursuant to the Mobile Health Care Services Act.

31 (h) (1) The department shall develop a single-page form for
32 the following:

33 (A) Adding a primary care clinic or a mobile health care unit
34 to the single consolidated license.

35 (B) Relocating a primary care clinic or mobile health care unit
36 that is already on the single consolidated license.

37 (C) Deleting a primary care clinic or a mobile health care unit
38 from the single consolidated license.

39 (2) The form shall request all of the following information:

1 (A) The name and address of the clinic corporation's
2 administrative offices and the name and contact information of
3 the clinic corporation's chief executive officer or executive director.

4 (B) The name and address of the primary care clinic site or
5 location of the mobile health care unit and the name and contact
6 information of the manager at each primary care clinic site or
7 mobile health unit to be added, relocated, or deleted.

8 (C) The type and the manufacturer of the mobile health care
9 unit to be added, relocated, or deleted.

10 (D) The expected days and hours of operation and the services
11 provided at each primary care clinic site or mobile health care unit
12 added or relocated.

13 (E) The proposed area or areas where the added mobile health
14 care unit will be providing services.

15 (F) A self-attestation of the following:

16 (i) Each added or relocated primary care clinic site meets the
17 requirements of Section 1212 and provides evidence that each
18 clinic site meets minimum construction standards of adequacy and
19 safety of the physical plant, pursuant to subdivision (b) of Section
20 1226.

21 (ii) Each added or relocated mobile health care unit meets the
22 requirements of the Mobile Health Care Services Act (Chapter 9
23 commencing with Section 1765.101)).

24 (G) Evidence of appropriate and sufficient fire clearance for
25 each added or relocated primary care clinic site.

26 (H) For relocation of a primary care clinic or mobile health care
27 unit, the new address where the primary care clinic or mobile health
28 care unit will be located.

29 (i) A clinic corporation that is issued a single consolidated
30 license may consolidate the administrative functions, as specified
31 in Section 1218.2, for all primary care clinics and mobile health
32 care units that are on the single consolidated license.

33 (j) The department shall transmit to a clinic corporation that has
34 been issued a single consolidated license a renewal fee invoice for
35 a single consolidated license at least 45 days prior to the expiration
36 date of the existing single consolidated license. Timely application
37 for renewal shall be deemed equivalent to renewal of the license
38 and special permits, if any, where the department is unable to issue
39 a renewal license or special permit on or before the expiration date.

(k) When the centralized applications unit issues a single consolidated license pursuant to this section, the department, except as limited by Section 1229 and Article 5 (commencing with Section 1240), may take any action authorized by this chapter, including, but not limited to, action specified in Article 5 (commencing with Section 1240) with respect to a primary care clinic or a mobile health care unit including, special services provided in a primary care clinic or mobile health care unit that is included on the single consolidated license.

(l) (1) Each primary care clinic and mobile health care unit included on the single consolidated license shall be deemed to be licensed for the purposes of enrollment as a provider in the Medi-Cal program, pursuant to subdivision (c) of Section 14043.15 of the Welfare and Institutions Code, or any program specified in Section 1222. The process for enrollment shall be the same process as required under Section 1222.

(2) Each primary care clinic or mobile health care unit may separately enroll as a provider in the Medi-Cal program or other health care programs using the business address of the primary care clinic site, or, for a mobile health care unit, the business address of the clinical corporation's administrative offices.

(3) Any action taken against a provider pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor, shall be an action taken against the individually enrolled primary care clinic site or mobile health care unit only, as applicable, and not against the clinic corporation as a whole.

(m) Nothing in this section shall affect the method for calculating prospective payment system rates under Section 14132.100 of the Welfare and Institutions Code for rural health clinics and federally qualified health centers that are included on a single consolidated license and individually enrolled in the Medi-Cal program.

(n) (1) Nothing in this section shall affect the requirements for obtaining a clinic license from the California State Board of Pharmacy pursuant to Chapter 9 (commencing with Section 4000) of Division 2 of the Business and Professions Code.

(2) Each primary care clinic site or mobile health care unit that is included on the single consolidated license shall be deemed to

1 be licensed as a primary care clinic for the purpose of obtaining a
2 pharmacy license.

3 (3) Any action taken by the California State Board of Pharmacy
4 pursuant to Chapter 9 (commencing with Section 4000) of Division
5 2 of the Business and Professions Code, including an action to
6 suspend or revoke a pharmacy license pursuant to Article 19
7 (commencing with Section 4300) of Chapter 9 of Division 2 of
8 the Business and Professions Code, or its successor, shall be an
9 action taken against the individual primary care clinic site or mobile
10 health care unit that holds that pharmacy license, and not against
11 the clinic corporation as a whole.

12 (o) (1) Nothing in this section shall affect the requirements for
13 obtaining a clinical laboratory registration or license pursuant to
14 Section 1265 of the Business and Professions Code.

15 (2) Each primary care clinic or mobile health care unit that is
16 included on the single consolidated license shall be deemed to be
17 licensed as a primary care clinical for the purpose of obtaining a
18 clinical laboratory license or registration.

19 (3) Any action taken by the department pursuant to Chapter 3
20 (commencing with Section 1200) of Division 2 of the Business
21 and Professions Code, including an action to suspend or revoke a
22 clinical laboratory license or registration under Article 7
23 (commencing with Section 1320) of Chapter 7 of Division 2 of
24 the Business and Professions Code, or its successor, shall be an
25 action taken against the individual primary care clinic site or mobile
26 health care unit that holds the clinical laboratory license or
27 registration, and not against the clinic corporation as a whole.

28 (p) (1) Nothing in this section shall require a clinic corporation
29 to apply for a single consolidated license.

30 (2) Nothing in this section shall require a clinic corporation to
31 include on an application for a single consolidated license all
32 primary care clinics or mobile health care units owned and operated
33 by the clinic corporation.

34 (q) (1) All primary care clinics included on a single consolidated
35 license shall be subject to the requirements of this chapter and
36 Chapter 7 (commencing with Section 75001) of Division 5 of Title
37 22 of the California Code of Regulations, as applicable.

38 (2) All mobile health units included on a single consolidated
39 license shall be subject to the requirements of the Mobile Health

Care Services Act (Chapter 9 (commencing with Section 1765.101)), as applicable.

(r) Nothing in this section shall prohibit a clinic corporation from requesting program flexibility pursuant to Section 1231 for some or all primary care clinics or mobile health care units included on the single consolidated license.

(s) No new primary care clinic regulations shall be required to implement this section.

SEC. 4. Section 1213 of the Health and Safety Code is amended to read:

1213. A person, firm, association, partnership, corporation, or other legal entity desiring a license for a clinic shall be exempt from the requirements of Chapter 2 (commencing with Section 16000) of Division 12.5.

SEC. 5. Section 1214 of the Health and Safety Code is amended to read:

1214. Each application under this chapter for an initial license, renewal license, license upon change of ownership, or special permit shall be accompanied by a Licensing and Certification Program fee, as follows:

(a) For all primary care clinics licensed pursuant to this chapter, the annual fee shall be set in accordance with Section 1266.

(b) For all specialty clinics licensed pursuant to this chapter, the annual fee shall be set in accordance with Section 1266.

(c) For all rehabilitation clinics, the annual fee shall be set in accordance with Section 1266.

(d) For all clinic corporations issued a single consolidated license pursuant to this chapter, the annual fee shall be set in accordance with Section 1266.

SEC. 6. Section 1216 of the Health and Safety Code is amended to read:

1216. (a) Every clinic holding a license or that is included within a single consolidated license of a clinic corporation shall, on or before the 15th day of February each year, file with the Office of Statewide Health Planning and Development upon forms to be furnished by the office, a verified report showing the following information relating to the previous calendar year:

(1) Number of patients served and descriptive information, including age, gender, race, and ethnic background of patients.

(2) Number of patient visits by type of service, including all of the following:

(A) Child health and disability prevention screens, treatment, and followup services.

(B) Medical services.

(C) Dental services.

(D) Other health services.

(3) Total clinic operating expenses.

(4) Gross patient charges by payer category, including Medicare, Medi-Cal, the Child Health Disability Prevention Program, county indigent programs, other county programs, private insurance, self-paying patients, nonpaying patients, and other payers.

(5) Deductions from revenue by payer category, bad debts, and charity care charges.

(6) Additional information as may be required by the office or the department.

(b) In the event a clinic fails to file a timely report, the department may suspend the license of the clinic until the report is completed and filed with the office.

(c) In order to promote efficient reporting of accurate data, the office shall consider the unique operational characteristics of different classifications of licensed clinics, including, but not limited to, the limited scope of services provided by some specialty clinics, in its design of forms for the collection of data required by this section.

(d) For the purpose of administering funds appropriated from the Cigarette and Tobacco Products Surtax Fund for support of licensed clinics, clinics receiving those funds may be required to report any additional data the office or the department may determine necessary to ensure the equitable distribution and appropriate expenditure of those funds. This shall include, but not be limited to, information about the poverty level of patients served and communicable diseases reported to local health departments.

(e) This section shall apply to all primary care clinics.

(f) This section shall apply to all specialty clinics, as defined in paragraph (2) of subdivision (a) of Section 1204 of the Health and Safety Code that receive tobacco tax funds pursuant to Article 2 (commencing with Section 30121) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code.

1 (g) Specialty clinics that are not required to report pursuant to
2 subdivision (f) shall report data as directed in this section as it
3 existed prior to the enactment of Chapter 1331 of the Statutes of
4 1989 and Chapter 51 of the Statutes of 1990.

5 SEC. 7. Section 1229 of the Health and Safety Code is amended
6 to read:

7 1229. (a) The state department shall notify, in writing, a clinic
8 of all deficiencies in its compliance with the provisions of this
9 chapter, or the rules and regulations adopted hereunder, that are
10 discovered or confirmed by inspection, and the clinic shall agree
11 with the department on a plan of correction that shall give the clinic
12 a reasonable time to correct the deficiencies. During the allotted
13 time, a list of deficiencies and the plan of correction shall be
14 conspicuously posted in a clinic location accessible to public view.
15 If, at the end of the allotted time provided in the plan of correction,
16 the clinic has failed to correct the deficiencies, the department
17 shall assess the licensee a civil penalty not to exceed fifty dollars
18 (\$50) per day, until the state department finds the clinic in
19 compliance. In that case, the department may also initiate action
20 against the clinic to revoke or suspend the license. Nothing in this
21 chapter shall be deemed to prohibit a clinic that is unable to correct
22 the deficiencies specified in a plan of correction for reasons beyond
23 its control from voluntarily surrendering its license pursuant to
24 Section 1245 prior to the assessment of a civil penalty or the
25 initiation of a revocation or suspension proceeding.

26 (b) (1) Notwithstanding subdivision (a), the department shall
27 notify, in writing, a primary care clinic or mobile health care unit
28 included on a single consolidated license issued pursuant to Section
29 1212.5, of all deficiencies in its compliance with this chapter, or
30 the rules and regulations adopted hereunder, that are discovered
31 or confirmed by inspection. The department shall also notify, in
32 writing, the clinic corporation of the notice of deficiency. Upon
33 receiving notification from the department, the primary care clinic
34 or mobile health care unit shall notify the clinic corporation of its
35 deficiencies. The deficient primary care clinic or mobile health
36 care unit shall agree with the department on a plan of correction
37 that gives the deficient primary care clinic or mobile health care
38 unit a reasonable time to correct the deficiencies. If, at the end of
39 the allotted time provided in the plan of correction, the deficient
40 primary care clinic or mobile health care unit has failed to correct

1 the deficiencies, the department shall assess the deficient primary
2 care clinic or mobile health care unit a civil penalty not to exceed
3 fifty dollars (\$50) per day, until the department finds the deficient
4 primary care clinic or mobile health care unit in compliance. The
5 department may also initiate action against the clinic corporation
6 to remove or suspend the applicability of the single consolidated
7 license to the deficient clinic or unit pursuant to the procedure in
8 Section 1241.

9 (2) Prior to the assessment of a civil penalty or the initiation of
10 a removal or suspension proceeding, the department may accept
11 both of the following from the clinic corporation in lieu of civil
12 penalties and action for removal or suspension:

13 (A) Pursuant to Section 1245, the voluntary surrender of the
14 portion of the clinic corporation's single consolidated license that
15 is applicable to the deficient primary care clinic or mobile health
16 care unit.

17 (B) The deletion of the deficient primary care clinic or the
18 mobile health care unit from the clinic corporation's single
19 consolidated license.

20 (3) If a primary care clinic or mobile health care unit is no longer
21 licensed due to a removal, suspension, or voluntary surrender of
22 its license pursuant to this section, the process for reinstatement
23 of its license shall be as follows:

24 (A) The process for reinstatement after voluntary surrender shall
25 be pursuant to Section 1245.

26 (B) The process for reinstatement after suspension shall be
27 pursuant to Section 1242.

28 (C) The process for reinstatement after revocation shall be
29 pursuant to Section 1244.

30 SEC. 8. Section 1245 of the Health and Safety Code is amended
31 to read:

32 1245. (a) Any licensee or holder of a special permit may, with
33 the approval of the department, surrender his or her license or
34 special permit for suspension by the department for a temporary
35 period not to exceed 24 consecutive months.

36 (b) A clinic corporation with a single consolidated license may,
37 with the approval of the department, surrender the portion of the
38 clinic corporation's single consolidated license that is applicable
39 to a primary care clinic or mobile health care unit that is found to
40 be deficient pursuant to subdivision (b) of Section 1229, for

suspension by the department for a temporary period not to exceed 24 consecutive months.

(c) (1) A license, special permit, or portion of a clinic corporation's single consolidated license suspended pursuant to this section may be reinstated by the department on receipt of an application and after an inspection showing full compliance with all applicable licensing requirements.

(2) A clinic corporation may apply for reinstatement of a deficient primary care clinic or mobile health care unit using the form described in subdivision (g) of Section 1212.5.

(d) (1) Upon voluntary surrender of a single consolidated license by a clinic corporation, the department shall issue individual licenses to each primary care clinic and mobile health care unit included on the single consolidated license and that are not the subject of a deficiency pursuant to Section 1229.

(2) The clinic corporation may apply for reinstatement by submitting a new application for a single consolidated license.

SEC. 9. Section 1266 of the Health and Safety Code is amended to read:

1266. (a) The Licensing and Certification Division shall be supported entirely by federal funds and special funds by no earlier than the beginning of the 2009–10 fiscal year unless otherwise specified in statute, or unless funds are specifically appropriated from the General Fund in the annual Budget Act or other enacted legislation. For the 2007–08 fiscal year, General Fund support shall be provided to offset licensing and certification fees in an amount of not less than two million seven hundred eighty-two thousand dollars (\$2,782,000).

(b) (1) The Licensing and Certification Program fees for the 2006–07 fiscal year shall be as follows:

Type of Facility	Fee	
General Acute Care Hospitals	\$ 134.10	per bed
Acute Psychiatric Hospitals	\$ 134.10	per bed
Special Hospitals	\$ 134.10	per bed
Chemical Dependency Recovery Hospitals	\$ 123.52	per bed
Skilled Nursing Facilities	\$ 202.96	per bed
Intermediate Care Facilities	\$ 202.96	per bed

1	Intermediate Care Facilities - Developmentally		
2	Disabled	\$ 592.29	per bed
3	Intermediate Care Facilities - Developmentally		
4	Disabled - Habilitative	\$1,000.00	per facility
5	Intermediate Care Facilities - Developmentally		
6	Disabled - Nursing	\$1,000.00	per facility
7	Home Health Agencies	\$2,700.00	per facility
8	Referral Agencies	\$5,537.71	per facility
9	Adult Day Health Centers	\$4,650.02	per facility
10	Congregate Living Health Facilities	\$ 202.96	per bed
11	Psychology Clinics	\$ 600.00	per facility
12	Primary Clinics - Community and Free	\$ 600.00	per facility
13	Specialty Clinics - Rehab Clinics		
14	(For profit)	\$2,974.43	per facility
15	(Nonprofit)	\$ 500.00	per facility
16	Specialty Clinics - Surgical and Chronic	\$1,500.00	per facility
17	Dialysis Clinics	\$1,500.00	per facility
18	Pediatric Day Health/Respite Care	\$ 142.43	per bed
19	Alternative Birthing Centers	\$2,437.86	per facility
20	Hospice	\$1,000.00	per facility
21	Correctional Treatment Centers	\$ 590.39	per bed

22
 23 (2) In the first year of licensure for intermediate care
 24 facility/developmentally disabled-continuous nursing (ICF/DD-CN)
 25 facilities, the licensure fee for those facilities shall be equivalent
 26 to the licensure fee for intermediate care facility/developmentally
 27 disabled-nursing facilities during the same year. Thereafter, the
 28 licensure fee for ICF/DD-CN facilities shall be established pursuant
 29 to subdivisions (c) and (d).

30 (c) Commencing February 1, 2007, and every February 1
 31 thereafter, the department shall publish a list of estimated fees
 32 pursuant to this section. The calculation of estimated fees and the
 33 publication of the report and list of estimated fees shall not be
 34 subject to the rulemaking requirements of Chapter 3.5
 35 (commencing with Section 11340) of Part 1 of Division 3 of Title
 36 2 of the Government Code.

37 (d) Commencing February 1, ~~2010~~, 2011, and every February
 38 1 thereafter, the department shall publish the estimated fee for a
 39 single consolidated license issued under Section 1212.5 pursuant
 40 to this section. The estimated fee for primary care clinics, for each

1 primary care clinic included in a single consolidated license shall
2 be included in the report and list of estimated fees required by
3 subdivisions (c) and (e).

4 (e) By February 1 of each year, the department shall prepare
5 the following reports and shall make those reports, and the list of
6 estimated fees required to be published pursuant to subdivision
7 (c), available to the public by submitting them to the Legislature
8 and posting them on the department's Internet Web site:

9 (1) The department shall prepare a report of all costs for
10 activities of the Licensing and Certification Program. At a
11 minimum, this report shall include a narrative of all baseline
12 adjustments and their calculations, a description of how each
13 category of facility was calculated, descriptions of assumptions
14 used in calculations, and shall recommend Licensing and
15 Certification Program fees in accordance with the following:

16 (A) Projected workload and costs shall be grouped for each fee
17 category, including workload costs for facility categories that have
18 been established by statute and for which licensing regulations
19 and procedures are under development.

20 (B) Cost estimates, and the estimated fees, shall be based on
21 the appropriation amounts in the Governor's proposed budget for
22 the next fiscal year, with and without policy adjustments to the fee
23 methodology.

24 (C) The allocation of program, operational, and administrative
25 overhead, and indirect costs to fee categories shall be based on
26 generally accepted cost allocation methods. Significant items of
27 costs shall be directly charged to fee categories if the expenses can
28 be reasonably identified to the fee category that caused them.
29 Indirect and overhead costs shall be allocated to all fee categories
30 using a generally accepted cost allocation method.

31 (D) The amount of federal funds and General Fund moneys to
32 be received in the budget year shall be estimated and allocated to
33 each fee category based upon an appropriate metric.

34 (E) The fee for each category shall be determined by dividing
35 the aggregate state share of all costs for the Licensing and
36 Certification Program by the appropriate metric for the category
37 of licensure. Amounts actually received for new licensure
38 applications, including change of ownership applications, and late
39 payment penalties, pursuant to Section 1266.5, during each fiscal
40 year shall be calculated and 95 percent shall be applied to the

1 appropriate fee categories in determining Licensing and
2 Certification Program fees for the second fiscal year following
3 receipt of those funds. The remaining 5 percent shall be retained
4 in the fund as a reserve until appropriated.

5 (2) (A) The department shall prepare a staffing and systems
6 analysis to ensure efficient and effective utilization of fees
7 collected, proper allocation of departmental resources to licensing
8 and certification activities, survey schedules, complaint
9 investigations, enforcement and appeal activities, data collection
10 and dissemination, surveyor training, and policy development.

11 (B) The analysis under this paragraph shall be made available
12 to interested persons and shall include all of the following:

13 (i) The number of surveyors and administrative support
14 personnel devoted to the licensing and certification of health care
15 facilities.

16 (ii) The percentage of time devoted to licensing and certification
17 activities for the various types of health facilities.

18 (iii) The number of facilities receiving full surveys and the
19 frequency and number of followup visits.

20 (iv) The number and timeliness of complaint investigations.

21 (v) Data on deficiencies and citations issued, and numbers of
22 citation review conferences and arbitration hearings.

23 (vi) Other applicable activities of the licensing and certification
24 division.

25 (f) (1) The department shall adjust the list of estimated fees
26 published pursuant to subdivision (c) if the annual Budget Act or
27 other enacted legislation includes an appropriation that differs
28 from those proposed in the Governor's proposed budget for that
29 fiscal year.

30 (2) The department shall publish a final fee list, with an
31 explanation of any adjustment, by the issuance of an all facilities
32 letter, by posting the list on the department's Internet Web site,
33 and by including the final fee list as part of the licensing application
34 package, within 14 days of the enactment of the annual Budget
35 Act. The adjustment of fees and the publication of the final fee list
36 shall not be subject to the rulemaking requirements of Chapter 3.5
37 (commencing with Section 11340) of Part 1 of Division 3 of Title
38 2 of the Government Code.

39 (g) (1) No fee shall be assessed or collected pursuant to this
40 section from any state department, authority, bureau, commission,

1 or officer, unless federal financial participation would become
2 available by doing so and an appropriation is included in the annual
3 Budget Act for that department, authority, bureau, commission,
4 or officer for this purpose. No fee shall be assessed or collected
5 pursuant to this section from any clinic that is certified only by the
6 federal government and is exempt from licensure under Section
7 1206, unless federal financial participation would become available
8 by doing so.

9 (2) For the 2006–07 state fiscal year, no fee shall be assessed
10 or collected pursuant to this section from any general acute care
11 hospital owned by a health care district with 100 beds or less.

12 (h) The Licensing and Certification Program may change annual
13 license expiration renewal dates to provide for efficiencies in
14 operational processes or to provide for sufficient cashflow to pay
15 for expenditures. If an annual license expiration date is changed,
16 the renewal fee shall be prorated accordingly. Facilities shall be
17 provided with a 60-day notice of a change in their annual license
18 renewal date.

19 SEC. 10. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.